5 pgs.

October 30, 1995

TO: J. W. Best
P. J. Cundari
R. M. Sanders
D. Wilmesher

FROM: D. W. Shouse

RE: *DORAL Price/Share Performance vs. Basic and GPC*

To update you on DORAL's performance versus its key competitors, attached is a summary of DORAL's '95 regional share trend in relation to its price point versus Basic and GPC (1 page per Sales area with data for the old 24 regions). The results show that DORAL has grown share in '95 faster than either Basic or GPC in almost all regions where DORAL is strong and in some regions where DORAL is second to GPC or Basic. This is especially encouraging when considering DORAL has been priced comparable to/higher than GPC in these regions and similar to Basic on packs and slightly lower on cartons.

While PM's 2nd half aggressiveness has forced our recent decision to raise the DORAL ceiling to $8, this information indicates that DORAL equity of a better tasting/higher quality Savings brand can work to build share and margins. I've provided the attached simply to reinforce our "Price Plus Equity" strategy on DORAL.

September-mid-October's volume softness on DORAL is of concern since we believe Marlboro discounting, not Basic or GPC, is the key factor. I will follow-up with you when we get September Marlin results with an assessment of DORAL share performance as compared to price gap versus Marlboro.

ps

Attachment

c: C. M. Davis
J. V. Maguire
G. C. Pennell
B. K. Stockdale

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DORAL 1995 SHARE/PRICE REGIONAL PERFORMANCE

NORTHEAST SALES AREA

	DORAL			GPC			BASIC			
	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	Comments
BOSTON										
Share of Savings	5.78	5.80	7.07	22.16	23.55	25.15	18.12	18.05	17.79	* GPC stronger growth with DORAL price parity on packs, higher carton prices.
Price Avg Selling/Pk	1.46	1.45	1.49	1.46	1.46	1.48	1.59	1.58	1.64	
Price Avg Selling/Ctn	13.01	13.40	13.68	12.10	12.33	12.30	13.74	13.67	13.84	
NEW YORK METRO										
Share of Savings	12.30	13.59	16.38	9.35	9.27	7.25	15.32	16.76	19.82	* DORAL and Basic growth. Price parity to GPC, lower priced than Basic.
Price Avg Selling/Pk	1.57	1.55	1.65	1.59	1.57	1.59	1.73	1.71	1.68	
Price Avg Selling/Ctn	14.85	15.00	15.47	14.52	15.22	15.49	16.44	16.11	16.13	
PHILADELPHIA										
Share of Savings	12.94	13.62	13.27	14.04	11.61	13.33	9.45	9.58	10.42	* DORAL and Basic growth. DORAL slightly higher priced vs. GPC, slightly lower vs. Basic.
Price Avg Selling/Pk	1.44	1.49	1.49	1.45	1.40	1.40	1.50	1.49	1.61	
Price Avg Selling/Ctn	12.91	13.19	13.12	13.01	13.03	13.03	13.59	13.46	13.51	
HARTFORD										
Share of Savings	8.95	8.75	8.81	11.75	12.48	13.76	14.75	15.51	16.40	* Weak DORAL market.
Price Avg Selling/Pk	1.67	1.67	1.69	1.72	1.74	1.79	1.73	1.71	1.69	
Price Avg Selling/Ctn	15.37	15.95	16.20	15.23	15.92	16.01	15.58	16.16	16.51	
BUFFALO										
Share of Savings	13.00	14.07	13.92	11.82	11.25	11.74	9.47	9.63	11.16	* DORAL and Basic growth with roughly price parity conditions.
Price Avg Selling/Pk	1.64	1.66	1.74	1.58	1.65	1.69	1.60	1.56	1.57	
Price Avg Selling/Ctn	13.07	13.38	13.50	12.22	13.02	13.33	12.61	13.58	13.66	
PITTSBURGH										
Share of Savings	14.42	15.44	16.24	13.74	13.62	13.21	15.20	15.07	15.40	* DORAL strongest performer at parity/premium pricing.
Price Avg Selling/Pk	1.31	1.29	1.34	1.27	1.28	1.33	1.35	1.34	1.40	
Price Avg Selling/Ctn	11.50	11.02	11.65	11.49	11.37	11.78	12.25	12.01	12.25	
CINCINNATI										
Share of Savings	18.03	18.53	19.45	12.27	10.94	11.85	13.12	17.93	18.02	* DORAL strongest performer at price premium vs. GPC, price advantage vs. Basic.
Price Avg Selling/Pk	1.21	1.25	1.28	1.13	1.20	1.18	1.26	1.29	1.34	
Price Avg Selling/Ctn	10.33	10.26	10.37	9.68	10.20	10.15	10.76	10.93	11.12	

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SOUTHERN SALES AREA

	DORAL			GPC			BASIC			
	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	Comments
WIN-SALEM										
Share of Savings	21.39	22.79	25.01	12.31	13.21	13.07	17.29	17.78	17.84	* DORAL strongest performer at price
Price Avg Selling/Pk	1.15	1.13	1.19	1.05	1.08	1.10	1.17	1.16	1.21	premium vs. GPC (carton price
Price Avg Selling/Ctn	9.08	9.15	9.24	8.37	8.84	9.12	10.04	9.95	10.24	advantage vs. Basic)
ATLANTA										
Share of Savings	25.28	25.53	26.57	14.85	15.50	16.12	16.96	17.03	17.33	* DORAL and GPC growth at roughly
Price Avg Selling/Pk	1.23	1.24	1.29	1.18	1.25	1.25	1.23	1.21	1.23	parity pricing (slight price premium on
Price Avg Selling/Ctn	10.72	10.79	10.95	10.40	10.91	10.96	11.04	11.23	11.50	Basic cartons).
S. FLORIDA										
Share of Savings	26.75	28.13	27.01	13.28	14.42	15.50	11.56	11.07	12.84	* GPC strongest performer at slight
Price Avg Selling/Pk	1.39	1.41	1.44	1.35	1.38	1.43	1.36	1.41	1.37	price advantage on packs.
Price Avg Selling/Ctn	12.06	12.28	12.55	11.65	12.01	12.62	12.23	12.32	12.50	
BIRMINGHAM										
Share of Savings	19.68	20.37	22.85	7.65	8.24	8.03	21.69	22.30	22.37	* DORAL strongest performer with
Price Avg Selling/Pk	1.32	1.32	1.34	1.20	1.23	1.28	1.31	1.33	1.37	price premium vs. GPC, price parity
Price Avg Selling/Ctn	11.16	11.56	11.61	10.13	10.82	11.22	11.83	12.15	12.17	vs. Basic.
MEMPHIS										
Share of Savings	21.77	23.33	25.09	12.52	12.72	13.01	11.85	11.74	11.78	* DORAL strongest performer with
Price Avg Selling/Pk	1.31	1.35	1.37	1.31	1.35	1.39	1.37	1.39	1.41	price parity on packs, price
Price Avg Selling/Ctn	11.62	11.36	11.26	11.86	11.90	11.88	12.39	12.46	12.45	advantage on cartons.
WASHINGTON										
Share of Savings	17.19	17.49	17.26	17.53	17.31	15.96	10.66	9.99	9.84	* All 3 brands flat with significantly
Price Avg Selling/Pk	1.35	1.38	1.42	1.25	1.32	1.37	1.30	1.35	1.36	lower prices on GPC.
Price Avg Selling/Ctn	10.45	10.28	10.56	8.99	9.22	9.70	11.50	11.22	11.34	
DALLAS										
Share of Savings	26.77	30.56	29.78	9.38	10.09	11.19	13.49	13.41	14.60	* DORAL strongest performer, GPC
Price Avg Selling/Pk	1.32	1.33	1.40	1.32	1.32	1.37	1.48	1.52	1.53	and DORAL price parity, Basic
Price Avg Selling/Ctn	11.61	11.64	12.17	11.51	12.14	12.20	13.57	13.71	13.81	priced higher.

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WESTERN SALES AREA

	DORAL			GPC			BASIC			
	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	Comments
N. CALIFORNIA										
Share of Savings	5.38	5.27	5.99	34.83	33.63	34.83	17.46	18.24	16.83	* Basic strongest performer with slight price premium.
Price Avg Selling/Pk	1.49	1.58	1.55	1.41	1.46	1.52	1.61	1.62	1.67	
Price Avg Selling/Ctn	13.29	13.37	13.86	12.79	13.15	13.29	13.95	13.98	14.15	
DENVER										
Share of Savings	14.11	12.90	12.65	30.35	30.32	30.88	9.58	10.38	10.27	* DORAL share decline with GPC flat, Basic growing slightly. DORAL priced slightly lower on packs and cartons.
Price Avg Selling/Pk	1.45	1.55	1.56	1.49	1.59	1.62	1.54	1.54	1.59	
Price Avg Selling/Ctn	11.07	11.64	12.34	12.54	12.92	13.29	12.81	12.78	12.89	
S. CALIFORNIA										
Share of Savings	11.33	10.90	10.34	30.56	33.64	34.55	8.29	8.76	9.53	* GPC strongest competitor with slight price premium vs. DORAL.
Price Avg Selling/Pk	1.38	1.50	1.49	1.44	1.54	1.53	1.56	1.57	1.58	
Price Avg Selling/Ctn	13.32	13.62	13.71	13.40	13.82	13.97	13.84	14.31	13.89	
SEATTLE										
Share of Savings	14.06	15.04	15.14	20.01	20.64	21.22	18.10	18.48	19.31	* All 3 growing moderately, DORAL priced below both GPC and Basic.
Price Avg Selling/Pk	1.46	1.52	1.60	1.67	1.72	1.80	1.77	1.78	1.84	
Price Avg Selling/Ctn	10.99	11.51	12.00	12.40	12.87	13.41	12.69	13.91	14.19	
HOUSTON										
Share of Savings	31.75	34.41	34.12	10.58	10.25	11.21	8.38	8.51	8.99	* DORAL strongest performer with price premium over GPC/slight price advantage vs. Basic.
Price Avg Selling/Pk	1.47	1.49	1.51	1.34	1.40	1.39	1.52	1.54	1.54	
Price Avg Selling/Ctn	13.62	13.96	14.32	12.84	13.29	13.43	14.60	14.36	14.11	

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MID-WEST SALES AREA

	DORAL			GPC			BASIC			
	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	1 Qtr 95	2 Qtr 95	Jul/Aug 95	Comments
CHICAGO										
Share of Savings	13.03	12.37	11.50	14.66	17.21	17.09	9.46	7.39	8.21	* GPC strongest performer with slight price premium vs. DORAL.
Price Avg Selling/Pk	1.37	1.46	1.49	1.45	1.47	1.54	1.52	1.62	1.5*	
Price Avg Selling/Ctn	12.60	12.76	12.70	12.73	13.02	13.12	13.47	14.03	14.14	
MINNEAPOLIS										
Share of Savings	15.01	14.59	15.86	14.41	17.03	18.20	10.86	11.02	11.17	* DORAL and GPC strong growth with roughly price parity conditions.
Price Avg Selling/Pk	1.48	1.56	1.59	1.46	1.52	1.57	1.53	1.58	1.60	
Price Avg Selling/Ctn	12.43	12.97	13.09	12.64	12.64	12.96	13.78	13.94	14.31	
OKLA CITY										
Share of Savings	15.10	16.59	16.82	17.13	17.37	17.35	10.70	10.14	10.92	* DORAL strongest performer with price premium vs. GPC and price advantage vs. Basic.
Price Avg Selling/Pk	1.32	1.32	1.41	1.21	1.26	1.29	1.44	1.51	1.49	
Price Avg Selling/Ctn	10.80	11.25	11.50	9.94	10.28	10.68	12.20	12.36	12.59	
DETROIT										
Share of Savings	12.71	14.09	12.92	4.87	5.21	5.55	31.95	29.84	30.88	* DORAL and GPC growing slightly with large price advantage vs. Basic.
Price Avg Selling/Pk	1.52	1.44	1.52	1.44	1.45	1.38	1.82	1.79	1.78	
Price Avg Selling/Ctn	12.98	12.60	12.91	12.80	12.88	12.52	15.66	14.96	15.05	
ST. LOUIS										
Share of Savings	11.14	12.59	13.26	38.06	38.13	36.89	9.58	10.24	10.59	* DORAL strongest performer at price premium vs. GPC, price advantage vs. Basic.
Price Avg Selling/Pk	1.30	1.34	1.36	1.23	1.24	1.23	1.36	1.39	1.42	
Price Avg Selling/Ctn	11.14	10.93	11.02	11.13	11.20	11.37	11.52	11.84	11.89	

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